



0000080247

COVER SHEET

CORPORATION COMMISSION
DOCKET CONTROL CENTER

47

CASE/COMPANY NAME:

DOCKET NO. 21 P 4: 05

Arizona Water Company

D/B/A or RESPONDENT:

W-00000C-98-0153 Arizona Corporation Commission

DOCKETED

MAR 21 2000

NATURE OF ACTION OR DESCRIPTION OF DOCUMENT

Please mark the item that describes the nature of the case/filing:

01 UTILITIES - NEW APPLICATIONS

NEW CC&N

RATES

INTERIM RATES

CANCELLATION OF CC&N

DELETION OF CC&N (TERRITORY)

EXTENSION OF CC&N (TERRITORY)

TARIFF - NEW (NEXT OPEN MEETING)

REQUEST FOR ARBITRATION

(Telecommunication Act)

FULLY OR PARTIALLY ARBITRATED

INTERCONNECTION AGREEMENT

(Telcom. Act.)

VOLUNTARY INTERCONNECTION

AGREEMENT (Telecom. Act)

MAIN EXTENSION

CONTRACT/AGREEMENTS

COMPLAINT (Formal)

RULE VARIANCE/WAIVER REQUEST

SITING COMMITTEE CASE

SMALL WATER COMPANY - SURCHARGE (Senate Bill 1252)

SALE OF ASSETS & TRANSFER OF OWNERSHIP

SALE OF ASSETS & CANCELLATION OF CC&N

FUEL ADJUSTER/PGA

MERGER

FINANCING

MISCELLANEOUS

Specify

02 UTILITIES - REVISIONS/AMENDMENTS TO
PENDING OR APPROVED MATTERS

APPLICATION

COMPANY

DOCKET NO.

TARIFF

PROMOTIONAL

DECISION NO.

DOCKET NO.

COMPLIANCE

DECISION NO.

DOCKET NO.

SECURITIES or MISCELLANEOUS FILINGS

04 AFFIDAVIT

12 EXCEPTIONS

18 REQUEST FOR INTERVENTION

48 REQUEST FOR HEARING

24 OPPOSITION

50 COMPLIANCE ITEM FOR APPROVAL

32 TESTIMONY

30 COMMENTS

29 STIPULATION

38 NOTICE OF INTENT

(Only notification of future action/no action necessary)

43 PETITION

46 NOTICE OF LIMITED APPEARANCE

39 OTHER

Specify Comments-Water Utility Task Force
Report

3/21/00

Date

Arizona Water Company / R. W. Geake

Print Name of Applicant/Company/Contact person/Respondent/Atty.

602-240-6860

Phone

PLEASE SEE NOTICE ON REVERSE SIDE

ORIGINAL

RECEIVED
ARIZONA WATER COMPANY

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March 21, 2000

Arizona Corporation Commission

ARIZONA CORPORATION COMMISSION
DOCKETED

MAR 21 2000

Ms. Deborah Scott
Director, Utilities Division
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

DOCKETED BY	<i>[Signature]</i>
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Re: Comments on Water Utility Task Force Report – Docket No. W00000C-98-0153

Dear Ms. Scott:

On behalf of Arizona Water Company, I want to express appreciation for the effort and ideas contributed by the individuals who served on the Commission's Water Utility Task Force ("WUTF"). The water utility industry faces unprecedented challenges as we move into the new century:

- Aging infrastructure
- Growing demands on a decreasing or limited water supply
- Heightened concerns regarding water quality and environmental impacts

Each of these challenges imposes serious operating and financial requirements that cannot be met in a "business as usual" manner.

The diverse interests represented on the WUTF reached a consensus on five goals that regulatory reform should address.

1. Reduce the number of small, non-viable water systems through new rules and procedures.
2. Strengthen the financial capacity of the water utility industry.
3. Provide greater emphasis on simplifying, shortening, and reducing the cost of the ratemaking process.
4. Improve consumer education.
5. Increase interagency coordination.

E-MAIL: mail@azwater.com

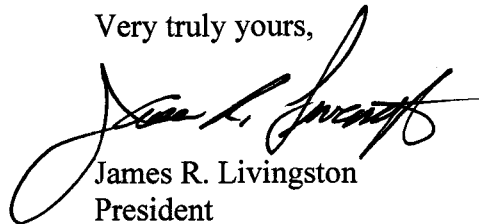
Agreement was also reached on numerous recommendations for policy changes and action steps to move the regulated Arizona water industry toward these consensus goals. However, there was less agreement about specific implementation steps and requirements.

Arizona Water Company is concerned with certain implementation ideas and the regressive attitude they reflect. For example, the report recognizes the financial challenge of replacing aging infrastructure and the need for utilities and customers to provide "...a portion of the overall financing needs" ("WUTF" report, page 16). The report recommends a plant replacement fund to address the problem but then goes on with implementation ideas that would reverse the benefit with the recommendation that "consideration should be given to reducing the rate of return the company is allowed to earn." Such a recommendation is not only contrary to WUTF's consensus goal number 2, above, but would result in less financial capacity for affected utilities.

Arizona Water Company believes that any recommendation and all of its policy changes and implementation details should be consistent internally and specifically support one or more of the WUTF consensus goals. Certainly, the implementation details should not reverse the policy changes. The two year delay following the passage of SB 1252 before any utility filed for a surcharge recovery is powerful evidence that sound policy decisions can be frustrated by inconsistent implementation requirements.

The WUTF report should not be adopted unless the recommendations on implementation are consistent with and make possible the achievement of the consensus goals. I am confident that with the proper guidance this can be accomplished.

Very truly yours,



James R. Livingston
President

mcm